

## Message Text

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11

ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 XMB-02 EB-07 L-02 PM-03 AID-05

CEA-01 CIAE-00 COME-00 EA-06 FRB-03 INR-07 IO-10

NEA-09 NSAE-00 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01

OMB-01 AGR-05 /085 W

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R 261924Z FEB 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8694

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DEPARTMENT PASS TREASURY AND EXPORT-IMPORT BANK

E.O. 11652: N/A

TAGS: EFIN, UK

SUBJECT: GENTLEMEN'S AGREEMENT ON EXPORT CREDIT

REF: STATE 36621

1. COPY OF U.S. PROPOSED GENTLEMEN'S AGREEMENT TEXT CONTAINED IN REFTEL PASSED TO DEREK SMITH, UNDER SECRETARY, ECGD; SIDNEY ABRAMSON, UNDER SECRETARY IN CHARGE OF OECD AND EC AFFAIRS, DEPARTMENT OF TRADE; AND SUBSEQUENTLY TO JOAN KELLEY, ASSISTANT SECRETARY, FINANCE-EXPORTS, H.M. TREASURY.

2. MR. SMITH, ECGD, HAD JUST RETURNED FROM BRUSSELS AND HAD ALREADY SEEN THE TEXT AND HAD REVIEWED THE DOCUMENT WITH EC OFFICIALS IN BRUSSELS. HIS COMMENTS ARE OUTLINED BELOW. MISS KELLEY HAD BEEN OUT OF THE COUNTRY AND ACCEPTED THE TEXT WITH GRATITUDE, STATING THAT AFTER SHE HAD A CHANCE TO REVIEW AND DISCUSS THE TEXT WITH OTHER OFFICIALS CONCERNED, SHE WOULD PASS ANY COMMENTS TO EMBASSY. MR. SMITH STATED THAT HE FELT THAT THE BRITISH AND U.S. POSI-

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TIONS WERE SIMILAR ON MOST ASPECTS OF THE AGREEMENT. HE

FELT, HOWEVER, THE BRITISH AND POSSIBLY OTHER MEMBERS OF THE EC, WERE HAVING "PROBLEMS" WITH THE FOLLOWING POINTS:

A. SECTION I.3.A. "PUBLIC MEASURES," THE SECTION WHICH READS "INSTITUTIONS WHICH RECEIVE FINANCIAL GRANTS FROM, OR ARE PARTICIPATED IN BY THE STATE OR ITS PUBLIC BODIES." SMITH FELT THAT THIS DEFINITION WAS "FAR TOO BROAD" AND THE BRITISH COULD NOT AGREE ON THIS POINT, ALTHOUGH THEY UNDERSTOOD THE UNITED STATES' REASON FOR INCLUSION OF SUCH A WIDE-RANGING DEFINITION

B. SECTION II.1.&2. SMITH FELT THAT THIS SECTION WOULD POSE PARTICULAR PROBLEMS FOR THE JAPANESE.

C. SECTION III.1. THIS SECTION, ACCORDING TO SMITH, IS ONE WHERE THE U.S. POSITION AND U.K. POSITION DIFFER THE GREATEST. THE BRITISH STILL BELIEVE THAT THERE SHOULD BE THREE CATEGORIES OF COUNTRIES AND THEREFORE THREE CATEGORIES OF CREDIT LENGTHS: 8-1/2- AND 10-YEAR AS IN THE U.S. TEXT, AND ALSO A 5-YEAR MAXIMUM FOR THOSE COUNTRIES WITH EXCEPTIONALLY HIGH PER CAPITA GNP. SMITH STATES THAT THESE VIEWS AND THE ISSUE OF THREE CATEGORIES IS WELL KNOWN TO U.S. OFFICIALS.

D. SECTION IV. U.K. PREFERS A 20 PERCENT MINIMUM DOWN PAYMENT RATHER THAN THE 15 PERCENT PROPOSED BY THE US.

E. SECTION VI.4. SMITH ANTICIPATES SOME PROBLEMS WITH THIS SECTION, WITH ARGUMENTATION CENTERED AROUND THE 25 PERCENT GRANT ELEMENT.

F. SECTION VI.5. THERE APPEAR TO BE SOME "TECHNICAL DIFFERENCES" BETWEEN THE U.K. AND THE U.S. POSITIONS, BUT SMITH FELT THAT THESE COULD BE WORKED OUT TO THE SATISFACTION OF ALL PARTIES.

3. MR. SMITH HAD NOT REVIEWED THE REMAINEER OF THE TEXT IN SUFFICIENT DETAIL TO GIVE A FIRM EVALUATION, BUT PROMISED TO BE IN CONTACT WITH EMBASSY PRIOR TO THE MARCH 12-13 MEETING.

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4. DEPARTMENT PLEASE PASS OTHER POSTS IF CONSIDERED NECESSARY.

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Reference:** 75 STATE 36621  
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**Review Transfer Date:**  
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**TAGS:** EFIN, UK  
**To:** STATE  
**Type:** TE  
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